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BEFORE THE  
DEPARTMENT OF TRANSPORTATION  
WASHINGTON, D.C.

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In the Matter of

THE WENDALL H. FORD AVIATION  
INVESTMENT AND REFORM ACT FOR  
THE 21<sup>ST</sup> CENTURY

For exemptions from 14 C.F.R. Part 93, under  
49 U.S.C. § 41718(a) (beyond-perimeter slot  
exemptions for Reagan National Airport)

Docket OST-2000-7181 - 4/

COMMENTS OF ALASKA AIRLINES, INC.  
AND HORIZON AIR INDUSTRIES, INC.  
d/b/a HORIZON AIR IN SUPPORT OF THE  
APPLICATION OF NORTHWEST AIRLINES, INC.

Communications with respect to this document should be sent to:

Keith Loveless, Esq.  
Vice President and General Counsel  
ALASKA AIRLINES, INC.  
19300 Pacific Highway South  
Seattle, WA 98188

Arthur E. Thomas, Esq.  
Vice President, General Counsel,  
and Secretary  
HORIZON AIR INDUSTRIES, INC.,  
d/b/a Horizon Air  
19521 Pacific Highway South  
Seattle, WA 98188

DATED: May 22, 2000

**BEFORE THE  
DEPARTMENT OF TRANSPORTATION  
WASHINGTON, D.C.**

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**THE WENDALL H. FORD AVIATION  
INVESTMENT AND REFORM ACT FOR  
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**Docket OST-2000-7181**

**COMMENTS OF ALASKA AIRLINES, INC.  
AND HORIZON AIR INDUSTRIES, INC.  
d/b/a HORIZON AIR IN SUPPORT OF THE  
APPLICATION OF NORTHWEST AIRLINES, INC.**

Alaska Airlines, Inc. ("Alaska") and Horizon Air Industries, Inc. d/b/a/ Horizon Air ("Horizon") -- both long-standing code-share partners of Northwest Airlines, Inc. ("Northwest") -- strongly support Northwest's Application, filed May 5, 2000, for two beyond-perimeter slot exemptions to operate daily nonstop roundtrip service between Ronald Reagan Washington National Airport ("DCA") and Seattle-Tacoma International Airport ("SEA").

Northwest's proposed service would provide very substantial domestic network benefits for the entire northwestern portion of the United States and Hawaii, while simultaneously creating new competition in multiple monopoly markets. United Air Lines, Inc. ("United") now has an effective monopoly in the Washington, D.C.-Seattle market. Approval of Northwest's application would provide sorely needed fare and service competition on this route not only from

Northwest but, through the Alaska/Northwest code share arrangement, from Alaska as well. Since Alaska expects to code-share on Northwest's Seattle-DCA flight, approval of **Northwest's** application means that Pacific Northwest-DCA passengers would receive the unique double benefit of two new carriers -- a greater increase in competition on a per slot basis than any other applicant can claim. Passengers in no fewer than 38 western cities would also receive single connection, online service to and from DCA by Alaska and Horizon on a code-share basis in addition to service by Northwest itself. Many of these cities have never previously enjoyed the benefits of one-stop service to the Washington, D.C. area, and others are currently captive to a single carrier unconstrained by competitive forces.

I. Consumers Throughout the Pacific Northwest And  
Hawaii Will Benefit Substantially Under Northwest's Proposal

The statutory standards for allocating the twelve new beyond-perimeter slots at DCA reflect a decidedly pro-consumer and procompetitive orientation. See 49 U.S.C. § 41718(a). The first two criteria, for example, direct the Department to select carriers that will "provide air transportation with domestic network benefits in areas beyond the perimeter . . ." and that will "increase competition . . . in multiple markets," thereby promoting consumer welfare. Id., § 41718(a)(1) and (2). Northwest's proposal fully satisfies these criteria.

A. Northwest's Proposal Offers Significant Domestic Network  
Benefits Throughout the Pacific Northwest And Hawaii

As Northwest stated in its Application, Seattle is the fifth largest domestic market currently lacking nonstop service to DCA. It is the heart of the dynamic, "new economy"-driven Pacific Northwest, one of the fastest growing areas in the country. From its Seattle hub, moreover, Northwest and its code-share partners, Alaska and Horizon, currently offer nonstop

service to 38 additional western cities, including cities in Alaska, Washington, **Oregon**, California, Idaho, Montana, and Hawaii. Most of these cities are the very type of small and medium sized communities whose air service Congress intended to improve through the "AIR-21" legislation. And air service to these 38 cities clearly would be enhanced if Northwest's application is approved, for they would each gain new single connection, online service to and from DCA via Seattle. Indeed, thirteen of these cities, located in Alaska, Washington, Oregon, and Idaho, would receive one-stop service to Washington, D.C. (DCA or IAD) for the first time, and another three cities would receive one-stop service to DCA for the first time.

B. Northwest's Proposal Would Increase Competition In Multiple Markets

The Northwest proposal would also increase competition in multiple markets. The only carrier that currently flies between the Washington D.C. area (DCA, IAD, or BWI) and Seattle on a nonstop basis is United, which operates four nonstop round trips per day between IAD and SEA. Northwest's proposal would provide much-needed fare and service competition to United. Not only would Northwest compete with United on this route, but so, too, would Alaska on a code-share basis. Since Alaska will have the ability to determine its own fares for passengers flying on the "AS" code, three competitors rather than one will vie for passengers on what is now one of the most dense monopoly routes in the country. No other application would create two new competitors with a single pair of slots. By virtue of its code-share arrangement with Northwest, moreover, Alaska will establish a presence in the Washington, D.C. area – and the East Coast – for the first time, thereby providing new competitive entry at DCA and on the East Coast.

In addition to providing competition in the Washington, D.C. - Seattle market, Northwest's proposed service would also provide the first competitive one-stop service to

Washington from five western cities which are now serviced by a single carrier; it would provide the first one-stop service to Washington for an additional thirteen western cities, and for another twenty western cities it would provide an additional competitive one-stop option for travel to and from Washington. Through Alaska's and Horizon's extensive networks in the western United States, passengers in scores of small, medium, and large cities will obtain single connection, online service to and from Washington.

II. Northwest's Proposal Fully Satisfies the Remaining Criteria for Beyond-Perimeter Slot Allocation at DCA

The two remaining statutory criteria for beyond-perimeter slot allocation at DCA direct the Department to select applications that will "not reduce travel options for communities served by small hub airports" within the 1,250-mile DCA perimeter, and that will "not result in meaningfully increased travel delays." 49 U.S.C. §41718(a)(3) and (4). Again, the Northwest proposal fully satisfies those criteria.

Alaska and Horizon understand that Northwest has no plans to reduce its existing DCA services to any airport within the perimeter if the proposed new DCA-SEA service is implemented. Travel options for communities served by small hub and medium hub airports within that area, therefore, would not be reduced under the Northwest proposal. Similarly, granting Northwest two exemption slots at DCA would not meaningfully increase travel delays at DCA, SEA, or anywhere else in the national air transportation system. To the contrary, if Northwest's proposal is implemented, travel times will be reduced and convenience increased for thousands of passengers traveling between DCA and Seattle and between DCA and scores of other western cities via Seattle. Not only will these passengers save time and expense at the Washington terminus by using close-in DCA rather than IAD or BWI, but their nonstop and one-stop options will expand dramatically.

### III. Northwest's Proposal Offers the Most Benefits at the Lowest "Cost" to the Department

Alaska and Horizon recognize that Northwest's application is one of many applications for the twelve available beyond-perimeter slots at DCA. At least eight other airlines have applied for beyond-perimeter slots for nonstop flights between DCA and western cities such as Los Angeles, San Francisco, Salt Lake City, Denver, and Las Vegas. But Northwest's application is unique in at least three respects: it is the only application for nonstop service from DCA to the Pacific Northwest; it is the only application that, through code-share arrangements, will create two new competitors instead of one; and it is the only application that seeks only the minimum number of slots (2) for daily roundtrip service.

The benefits of Northwest's proposal are clear. One of the largest long-haul monopoly markets in the U.S. will gain two new competitors; numerous communities in the West will gain new or additional one-stop service to and from the Washington area via Seattle; and meaningful competition will be brought for the first time to many other city-pair markets. Significantly, these benefits can be obtained by granting Northwest only two of the twelve available DCA slots. Ten slots will still remain for allocation to other carriers and other western locations. Indeed, Northwest's application is not mutually exclusive with any other application, because the most slots that a single carrier has requested is ten (by America West). Granting Northwest's application, in other words, provides all of the benefits described herein without meaningfully sacrificing the benefits of proposals by other airlines. In colloquial terms, the Northwest proposal offers "the most bang for the buck."


Conclusion

For the reasons stated herein, Alaska and Horizon respectfully request the Secretary to grant the Application of Northwest Airlines, Inc. for two beyond-perimeter slot exemptions at DCA.

Respectfully submitted,



\_\_\_\_\_  
Keith Loveless, Esq. *by JVD*  
Vice President and General Counsel  
ALASKA AIRLINES, INC.  
19300 Pacific Highway South  
Seattle, WA 98188




\_\_\_\_\_  
Arthur E. Thomas, Esq. *by JVD*  
Vice President, General Counsel,  
and Secretary  
HORIZON AIR INDUSTRIES, INC.,  
d/b/a Horizon Air  
1952 1 Pacific Highway South  
Seattle, WA 98188

DATED: May 22, 2000

**CERTIFICATE OF SERVICE**

I hereby certify that a copy of the foregoing Comments of Alaska Airlines, Inc. and Horizon Air Industries, Inc. d/b/a Horizon Air in Support of the Application of Northwest Airlines, Inc. was served this date upon the following by postage paid first-class mail.

  
\_\_\_\_\_  
Peter A. Kraus by JVD

DATED: May 22, 2000

Air Midwest, Inc.  
d/b/a USAir Express  
Box 7724, Mid-Continent Airport  
Wichita, KS 67277

Leslie Head  
Vice President and General Counsel  
AirTran Airways Inc.  
995 5 AirTran Boulevard  
Orlando, FL 32827

Marshall S. Sinick  
Squire, Sanders & Dempsey L.L.P.  
120 1 Pennsylvania Avenue, NW  
Washington, D.C. 20004

Allegheny Airlines, Inc.  
Box 601  
Harrisburg International Airport  
Middletown, PA 17057

John Gillick  
Winthrop, Stimson, Putnam  
Suite 1200  
1133 Connecticut Avenue, NW  
Washington, DC 20036

Carl Nelson  
American Airlines, Inc.  
Suite 600  
1101 17<sup>th</sup> Street, NW  
Washington, DC 20036

Richard Taylor  
Steptoe & Johnson  
1330 Connecticut Avenue, NW  
Washington, DC 20036-1795

Charles Colgan  
Colgan Air Inc.  
10677 Aviation Road  
Manassas, VA 22111

John Sullivan, Jr.  
Commutair  
Clinton County Airport  
518 Rugar Street  
Plattsburgh, NY 12901

Atlantic Coast Airlines, Inc.  
1 Export Drive  
Sterling, VA 20164



Atlantic Southeast Airlines, Inc.  
Suite 800  
100 Hartsfield Center Parkway  
Atlanta, GA 303 54

Aaron Goerlich  
Gary Garofalo  
Boros & Garofalo  
Suite 700  
120 1 Connecticut Avenue, NW  
Washington, DC 20036-2605

Jeffrey A. Manley  
Wilmer, Cutler & Pickering  
2445 M Street, N.W.  
Washington, DC 20006

Robert M. Beckman  
Bode & Beckman  
1150 Connecticut Avenue, NW  
Washington, DC 2003 6

R. Bruce Keiner, Jr.  
Crowell & Moring LLP  
100 1 Pennsylvania Avenue, NW  
Washington, DC 20004

Robert E. Cohn  
Shaw, Pittman, Potts & Trowbridge  
2300 N Street, NW  
Washington, DC 2003 7

Lawrence R. Laturette  
Preston Gates Ellis & Rouvelas Meeds  
Suite 500  
1735 New York Avenue, NW  
Washington, DC 20006

Jonathan B. Hill  
Dow, Lohnes & Albertson  
1200 New Hampshire Avenue, NW  
Washington, DC 20036

Ronald P. Brower  
Hogan & Hartson L.L.P.  
555 Thirteenth Street, NW  
Washington, DC 20004-1109

Nathaniel Breed  
Shaw, Pittman, Potts & Trowbridge  
2300 N Street, NW  
Washington, DC 20037

Mark S. Kahan  
Vice Chairman  
Spirit Airlines, Inc.  
1400 Lee Wagener Boulevard  
Fort Lauderdale, FL 33315

Andre Merrett  
Vice President and General Counsel  
Mesa Air Group.  
410 North 44th Street -- Suite 700  
Phoenix, Arizona 85008

John S. Fredericksen  
Mesaba Aviation, Inc.  
7501 20<sup>th</sup> Avenue, South  
Minneapolis, MN 55450

Miami Air International, Inc.  
P. O. Box 660880  
Miami, FL 33266

Robert P. Silverberg  
Silverberg, Goldman & Bikoff, L.L.P.  
1101 30<sup>th</sup> Street, NW  
Washington, DC 20007

Stephen H. Lachter, Esq.  
Suite 900  
1150 Connecticut Avenue, NW  
Washington, DC 2003 6

Mr. D. Joseph Coor  
President  
AirTran Airlines  
1800 Phoenix Boulevard – Suite 126  
Atlanta, GA 30349

Joanne Young  
David M. Kirstein  
Baker & Hostetler  
Suite 1100  
1050 Connecticut Avenue, NW  
Washington, DC 20036

Megan Rae Rosia  
Managing Director, Government Affairs  
and Associate General Counsel  
Northwest Airlines, Inc.  
901 15<sup>th</sup> Street, NW -- Suite 310  
Washington, DC 20005

Glenn Wicks  
The Wicks Group  
1700 North Monroe Street  
Suite 1650  
Alexandria, VA 22209

Joel Stephen Burton  
O'Melveny & Myers  
555 Thirteenth Street, NW  
Washington, DC 20004-1109

William Evans  
Verner, Liipfert, Bernhard, McPherson  
and Hand, Chartered  
Suite 700  
901 Fifteenth Street, NW  
Washington, DC 20005-2301

Sierra Pacific Airlines, Inc.  
7700 North Business Park Drive  
Tucson, AZ 85743

Simmons Airlines, Inc.  
d/b/a American Eagle  
1700 W. 20<sup>th</sup> Street  
Box 612527  
DFW Airport, TX 75261

Bradley D. Toney  
Director of Legal Affairs  
Pro Air, Inc.  
Suite 500  
101 Elliott Avenue West  
Seattle, WA 98119

Brad Rich  
SkyWest Airlines, Inc.  
d/b/a The Delta Connection  
444 S. River Road  
St. George, UT 84770

Pierre Murphy  
One Westin Center  
Suite 260  
2445 M Street, NW  
Washington, DC 20037

Sunworld International Airlines, Inc.  
207 Grandview Drive  
Fort Mitchell, KY 41014

TEM Enterprises, Inc.  
d/b/a Casino Express Airlines  
9766 Mountain City Highway  
Elko, NV 89801

Richard D. Mathias  
Zuckert, Scoutt & Rasenberger  
Suite 600  
888 17<sup>th</sup> Street, NW  
Washington, DC 20006

Ms. Lorelei Peters  
Office of the Chief Counsel, AGC-230  
Federal Aviation Administration  
800 Independence Avenue, SW  
Washington, DC 2059 1

Jeffrey Shane  
Hogan & Hartson L.L.P.  
555 13<sup>th</sup> Street, NW  
Washington, DC 20004

Stephen L. Gelband  
Hewes, Gelband, Lambert & Dann  
Suite 300  
1000 Potomac Street, NW  
Washington, DC 20007

Edward P. Faberman  
Ungaretti & Harris  
1500 K Street, N.W.  
Suite 250  
Washington, DC 20005

Jon F. Ash  
Michael J. Morstein  
Global Aviation Associates, Ltd.  
1800 K Street, N.W., Suite 1104  
Washington, DC 20006

Marcus G. Faust  
327 Constitution Avenue, N.E.  
Washington, DC 20002